

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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ANNUAL AUDITED REPORT **SEC** Mail Processing  
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PART III FEB 28 2012

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FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER:

APB FINANCIAL GROUP LLC

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

17 STATE STREET, SUITE 1650

(No. And Street)

NEW YORK,  
(City)

NY  
(State)

10004  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

EDWARD COYLE

(212) 293-3410

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report \*

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

(Name - if individual state last, first, middle name)

5 West 37<sup>th</sup> Street, 4<sup>th</sup> Floor

(Address)

NEW YORK  
(City)

NY  
(State)

10018  
(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**PUBLIC**

FOR OFFICIAL USE ONLY

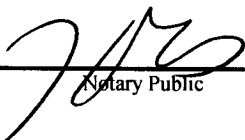
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as basis for the exemption. See section 240.17a-5(e)(2)

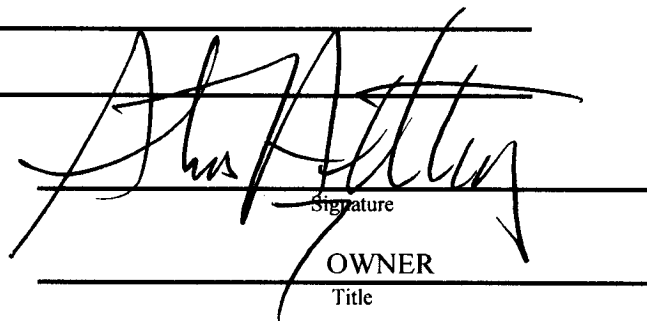
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## OATH OR AFFIRMATION

I, STEVEN ABERNATHY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of APB FINANCIAL GROUP, LLC., as of DECEMBER 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

**SHARON JONES**  
Notary Public, State of New York  
No. 01JO5023034  
Qualified in New York County  
Commission Expires 1/31/2014

  
Notary Public

  
Signature  
OWNER  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Cash Flows.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation or Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of previous audit.
- ☐ (o) Supplemental Independent Auditors' Report on Internal Accounting Control.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

APB FINANCIAL GROUP, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2011

**FULVIO & ASSOCIATES, L.L.P.**

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*Certified Public Accountants*

APB FINANCIAL GROUP, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2011

# FULVIO & ASSOCIATES, L.L.P.

JOHN FULVIO, CPA  
SUSAN E. VAN VELSON, CPA  
KENNETH S. WERNER, CPA

*Certified Public Accountants*

New York Office:  
5 West 37th Street, 4th Floor  
New York, New York 10018  
TEL: 212-490-3113  
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www.fulviollp.com

Connecticut Office:  
95B Rowayton Avenue  
Rowayton, CT 06853  
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FAX: 203-857-0280

## INDEPENDENT AUDITORS' REPORT

To the Members of  
APB Financial Group, LLC

We have audited the accompanying statement of financial condition of APB Financial Group, LLC (the "Company"), as of December 31, 2011 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of APB Financial Group, LLC as of December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.



New York, New York  
February 10, 2012

APB FINANCIAL GROUP, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 332,047
Due from brokers	280,479
Prepaid expenses	41,837
Fixed assets (net of accumulated depreciation of \$346,818)	14,890
Other assets	<u>43,498</u>
 TOTAL ASSETS	 <u><u>\$ 712,751</u></u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 55,659
Commissions payable	24,551
Rebates payable	<u>36,917</u>

TOTAL LIABILITIES	<u>117,127</u>
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Members' Equity:

TOTAL MEMBERS' EQUITY	<u>595,624</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 712,751</u></u>
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The accompanying notes are an integral part of this financial statement.

APB FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 ORGANIZATION AND OPERATIONS

APB Financial Group, LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC"). The Company is also a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), National Futures Association ("NFA"), Municipal Securities Rulemaking Board ("MSRB") and the Commodities Futures Trading Commission ("CFTC"). The Company's operations are primarily comprised of securities transactions executed on an agency basis.

In June 2009, the Company, which was a corporation, elected to become a limited liability company. As such, they changed their name from APB Financial Group, Inc. to APB Financial Group, LLC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement – Definition and Hierarchy

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

*Level 1-* Valuations based on quoted prices available in active markets for identical investments.

*Level 2-* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3-* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Company's assets and liabilities recorded at fair value are categorized based upon a fair value hierarchy in accordance with ASC 820. At December 31, 2011, ASC 820 bears no material effect on the financial statements as presented.

Cash and cash equivalents

The Company considers money market funds and other highly liquid financial instruments with an original maturity of less than three months to be cash equivalents.

APB FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(continued)

NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation Techniques

The Company values investments in equity securities that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the period.

The Company's policy is to value equities traded "over-the-counter" ("OTC") for which no sale was reported on the measurement date, at their last reported "bid" price if held long, and last reported "ask" price if sold short. The Company's policy is to value equities traded "over-the-counter" ("OTC") for which no sale was reported on the measurement date, within their last reported "bid-ask" range.

Income Taxes

The Company is not subject to federal and state income taxes. The members report their distributive share of realized income or loss on their own tax returns. However, the Company is subject to New York City Unincorporated Business Tax and, when applicable, a provision is included on the statement of operations.

The Company complies with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. The tax years that remain subject to examination are 2010, 2009, and 2008. The Company determined that there are no uncertain tax positions which would require adjustments or disclosures on the financial statements.



APB FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(continued)

NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equipment

Equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Office equipment	5 years
Furniture and fixtures	7 years

Commissions and Customer Interest Rebates

Commissions earned from customer securities transactions and the related commission expense is recognized on a settlement date basis, which does not differ materially from the trade date. Customer interest rebates received from the clearing broker are recognized as earned.

NOTE 3      FIXED ASSETS

Details of fixed assets at December 31, 2011 are as follows:

Office equipment	\$ 301,586
Furniture and fixtures	<u>60,122</u>
	361,708
Less: accumulated depreciation	<u>346,818</u>
	<u>\$ 14,890</u>

APB FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(continued)

NOTE 4      NET CAPITAL REQUIREMENT

The Company is a member of FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed, 10 to 1. At December 31, 2011 the Company's net capital, \$488,758, was \$388,758 in excess of its minimum requirement of \$100,000.

NOTE 5      RELATED PARTY TRANSACTIONS

The Company is one of several affiliated companies that are commonly controlled. A portion of the commissions earned by the Company (approximately \$548,159) was from investment entities sponsored by affiliates of the Company. The Company can elect to rebate a portion of the commissions earned. If expenses attributable to such entities exceed the commissions generated, a rebate receivable is recorded. If commissions generated exceed such expenses, a commission payable is recorded. For the year ended December 31, 2011, the company reimbursed \$411,119 of those commissions to the affiliated companies. These reimbursements were offset by other expenses owed to the company by the affiliates companies. Additionally, compensation is paid to the members of the Company based on commission revenues earned. Certain expenses are paid by the Company on behalf of entities that are managed by an affiliate.

An affiliate of the Company has entered into a ten and one half year non-cancelable lease for office space on July 1, 2006, which expires January 31, 2017. The annual lease payments are approximately \$218,000 until June 30, 2011, then \$230,700 until the expiration date. Rent expense, including incidentals for the year ended December 31, 2011 amounted to \$177,849. The Company leases its portion of the space on a month to month basis from its affiliate. As a provision of this lease, the Company paid a security deposit during 2011. This security deposit is held at National Financial Services LLC, in the remaining amount of \$43,065, and is included in other assets on the statement of financial condition.

NOTE 6      OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. Pursuant to clearance agreements, the Company

APB FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(continued)

NOTE 6      OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK  
(continued)

introduces all of its securities transactions to its two clearing brokers on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing brokers. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing brokers monitor collateral on the securities transactions introduced by the Company. At December 31, 2011, the receivables from clearing brokers represent commissions receivable earned as an introducing broker for the transactions of its customers.

In addition, the receivables from the clearing brokers are pursuant to these clearance agreements and include a minimum clearing deposit of \$100,000 for each broker.

The Company maintains its cash balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

NOTE 7      EXEMPTION FROM RULE 15c3-3

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provision under sub-paragraph (k)(2)(ii) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

NOTE 8      EMPLOYEE BENEFIT PLAN

An affiliate of the Company has established a 401(k) and profit sharing plan. The plan covers substantially all employees of the Company and provides those employees who are eligible to participate with retirement benefits. - Employees are permitted to contribute between 1% and 15% of their annual compensation, subject to certain limitations and restrictions. The Company may make discretionary profit sharing contributions to the plan during the year. For the year ended December 31, 2011, the Company elected not to make a profit sharing contribution.

NOTE 9.      SUBSEQUENT EVENTS

Subsequent events have been evaluated and no events have been identified which have been deemed material.